

Message Text

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PAGE 01 WARSAW 06236 220658Z
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SUBJ: TWENTIETH SESSION OF THE POLISH-SOVIET INTER-GOVERNMENTAL
COMMITTEE ON ECONOMIC AND SCIENTIFIC-TECHNOLOGICAL COOPERATION

REF: WARSAW 5818

1. BEGIN SUMMARY. THE 20TH SESSION OF THE POLISH
SOVIET INTER-GOVERNMENTAL COMMITTEE ON ECONOMIC AND SCIENTIFIC-
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PAGE 02 WARSAW 06236 220658Z

TECHNOLOGICAL COOPERATION MET IN WARSAW JULY 10-14. ACCORDING TO
OFFICIAL PRESS REPORTS, THE PURPOSE OF THE DELIBERATIONS WAS
TO IMPLEMENT THE DECISIONS REACHED BY GIEREK AND BREZHNEV
DURING THEIR MEETING LAST YEAR AND BY JAROSZEWICZ AND KOSYGIN
DURING THEIR JANUARY 1978 MEETING. THE COMMITTEE ALSO ESTAB-
LISHED PERMANENT WORKING GROUPS TO ENSURE THAT STEPS, AGREED
UPON FOR FURTHER INTEGRATION IN THE 1980-1985 PLANS OF BOTH

COUNTRIES WILL BE ACCOMPLISHED IN A TIMELY MANNER. END SUMMARY.

2. CO-CHAIRMAN KONSTANTIN KATUSHEV, DEPUTY CHAIRMAN OF THE SOVIET COUNCIL OF MINISTERS, AND TADEUSZ WRZASZCZYK, DEPUTY CHAIRMAN OF THE POLISH COUNCIL OF MINISTERS AND PLANNING COMMISSION CHAIRMAN LED THE COMMITTEE THROUGH FIVE DAYS OF WHAT APPEARED TO BE RATHER EASY DELIBERATIONS; THREE DAYS WERE DEVOTED TO FACTORY VISITS OUTSIDE WARSAW BY ALL OR PART OF THE SOVIET DELEGATION. THE PURPOSE OF THE SESSION WAS TO ADDRESS THE PROBLEMS OF FURTHER INTEGRATION BETWEEN THE SOVIET UNION AND POLAND IN THE NEXT PLANNING PERIOD, 1980-85. PRELIMINARY DECISIONS ON COOPERATIVE EFFORTS HAVE BEEN REACHED BY THE LEADERS OF BOTH COUNTRIES IN SEPARATE MEETINGS. THE COMMITTEE CONTINUED THE WORK OF THE GOVERNMENT MINISTRIES IN THE PREPARATION OF DEFINITE SOLUTIONS AND EXPLORATION OF FURTHER COOPERATION IN SELECTED FIELDS.

3. POLAND WILL BE COMMITTED TO SPECIALIZATION IN THE FOLLOWING FIELDS: SHIP CONSTRUCTION; MANUFACTURE OF COMPONENTS FOR NUCLEAR POWER STATIONS; EQUIPMENT FOR OFF-SHORE OIL DRILLING; CONSTRUCTION AND EARTH-MOVING EQUIPMENT; AND FACILITIES FOR THE PROCESSING OF CRUDE OIL. COOPERATIVE PROJECTS WILL INCLUDE THE PRODUCTION OF GRAIN MILLS AND A WIDE VARIETY OF ELECTRICAL AND COMBUSTION ENGINES.

4. THE SOVIET UNION, FOR ITS PART, WILL CONTINUE TO SUPPLY LIMITED OFFICIAL USE

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PAGE 03 WARSAW 06236 220658Z

POLAND WITH RAW MATERIALS. THE POLISH TRADE MAGAZINE, HANDEL ZAGRANICZNY, NOTES THAT SEVEN PERCENT OF POLISH EXPORTS TO THE SOVIET UNION (ONE BILLION RUBLES) BETWEEN 1973 AND 1980 WILL BE SPECIFICALLY FOR THE DEVELOPMENT OF SOVIET RAW MATERIALS. FOR ITS EFFORTS, POLAND HAS BEEN GRANTED ADDITIONAL SUPPLIES OF BASIC MATERIALS, INCLUDING CRUDE OIL AND GAS, FROM 1979 UP TO A PERIOD OF 12 TO 20 YEARS OR EVEN MORE. THE TOTAL VALUE OF THESE SUPPLIES WILL AMOUNT TO ABOUT FIVE BILLION RUBLES. THE ARTICLE CALLS THIS LONG-TERM GUARANTEE ADDED EVIDENCE OF THE AID THE SOVIETS PROVIDE IN THE ARENA OF INTERNATIONAL SOCIALIST COOPERATIVE ECONOMIES. THE PRICE OF THESE MATERIALS WILL BE RESOLVED BY THE VARIOUS AFFECTED MINISTRIES.

5. THE SOVIET UNION WILL ALSO PROVIDE TECHNOLOGICAL ASSISTANCE IN THE CONSTRUCTION OF PROJECTS IN POLAND, INCLUDING THE SECOND STAGE OF DEVELOPMENT OF THE KATOWICE STEELWORKS, AN ELECTRICAL GENERATING STATION, AND A CEMENT FACTORY.

6. COMMENT. THIRTY-ONE PERCENT OF POLAND'S FOREIGN TRADE IS WITH THE SOVIET UNION. FOR POLAND AS FOR MOST OF THE OTHER EASTERN EUROPEAN CLIENT STATES, SOVIET EXPORTS OF RAW MATERIALS ARE THE MOST CRITICAL FACTOR IN BILATERAL TRADE. FACED WITH RESTRICTED

TIONS ON ITS SUPPLIES FROM THE EAST AND LACKING THE FOREIGN CURRENCY TO BUY OIL ON WORLD MARKETS, POLAND HAS A PRESSING NEED TO ENSURE THAT ITS NEW INDUSTRY WILL CONTINUE TO HAVE THE NECESSARY RAW MATERIALS. THE SOVIETS WERE WILLING TO BARGAIN AWAY THESE ASSETS ON THE CONDITION THAT POLAND CONTINUE TO SUPPORT BOTH FINANCIALLY AND TECHNICALLY THE DEVELOPMENT OF THE SOVIET RAW MATERIALS AND THAT THE SOVIETS WILL HAVE A CORRESPONDING RIGHT TO PARTICIPATE IN MAJOR POLISH INVESTMENTS SUCH AS THE KATOWICE STEELWORKS. THE CATCH TO THIS ARRANGEMENT, HOWEVER, IS THAT THE PRICE OF SOVIET RAW MATERIALS HAS YET TO BE DETERMINED. IF THE SOVIETS INSIST UPON PRICES APPROACHING WORLD PRICES, POLAND WILL HAVE SACRIFICED A GREAT DEAL BUT GAINED NOTHING BY THIS ARRANGEMENT.

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PAGE 04 WARSAW 06236 220658Z

7. IT SHOULD ALSO BE NOTED THAT ALTHOUGH "COOPERATION" IS THE GOAL REFLECTED IN THE TITLE OF THE COMMITTEE, POLISH PRESS REPORTS CONSTANTLY REFER TO INCREASING THE "INTEGRATION" OF THE TWO ECONOMIES. INTEGRATION PROBABLY IMPLIES A STEP BEYOND WHAT THESE COMMISSIONS WOULD NORMALLY ACCOMPLISH. CLEARLY, THE ABILITY OF THE POLISH ECONOMY TO MANEUVER BETWEEN TRADE WITH WEST AND THE EAST WILL BE SEVERELY RESTRICTED IF AN INCREASING AMOUNT OF PRODUCTIVE CAPACITY IS DEVOTED TO COOPERATIVE EFFORTS WITH THE SOVIETS. INCREASING INEGRATION WILL RESERVE FOR CEMA MARKETS GOODS THAT OTHERWISE WOULD GO TO THE WEST, THUS REDUCING POLAND'S PARTICIPATION IN WORLD MARKETS. SCHAUFLE

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